

**REPORT OF THE AUDIT OF THE
HICKMAN COUNTY
SHERIFF**

**For The Year Ended
December 31, 2002**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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CRIT LUALLLEN
Auditor of Public Accounts

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Greg Pruitt, Hickman County Judge/Executive
Honorable J. W. Moran, Hickman County Sheriff
Members of the Hickman County Fiscal Court

The enclosed report prepared by Kem, Duguid & Associates, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Hickman County, Kentucky, for the year ended December 31, 2002.

We engaged Kem, Duguid & Associates, PSC to perform the financial audit of this statement. We worked closely with the firm during our report review process; Kem, Duguid & Associates, PSC evaluated the Hickman County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDIT OF THE
HICKMAN COUNTY
SHERIFF**

**For The Year Ended
December 31, 2002**

Kem, Duguid & Associates, PSC

**P.O. Box 562
102 West 2nd Street
Hopkinsville, KY 42240
TELEPHONE (270) 886-6355
FACSIMILE (270) 886-8662**

EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE HICKMAN COUNTY SHERIFF

**For The Year Ended
December 31, 2002**

Kem, Duguid & Associates, PSC has completed the Hickman County Sheriff's audit for the year ended December 31, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff did not have any excess fees as of December 31, 2002. Revenues decreased by \$19,249 from the prior year and disbursements decreased by \$19,249.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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KEM, DUGUID & ASSOCIATES, P.S.C.

Certified Public Accountants
102 WEST SECOND STREET
P.O. BOX 562
HOPKINSVILLE, KENTUCKY 42240
270-866-6355 270886-8662 (FAX)

MICHAEL A. KEM

SANDRA D. DUGUID

To the People of Kentucky
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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Hickman County, Kentucky, for the year ended December 31, 2002. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, the accompanying financial statement is not intended to present financial position and results of operation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2002, in conformity with the modified cash basis of accounting.

MEMBERS:

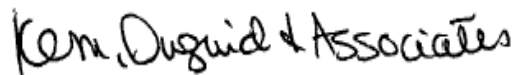
American Institute of Certified Public Accountants

Kentucky Society of Certified Public Accountants

To the People of Kentucky
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Members of the Hickman County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2004, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Kem, Duguid & Associates". The signature is written in a cursive, flowing style.

Kem, Duguid & Associates, PSC

Audit fieldwork completed -
January 7, 2004

HICKMAN COUNTY
J. W. MORAN, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2002

Receipts

Federal Grants (Note 5C)	\$	1,846
State Grants (Note 5B)		4,549
State Fees For Services:		
Finance and Administration Cabinet	\$	3,016
Courthouse Security (Note 5A)		45,496
Conveying Convicts		1,291
		49,803
Circuit Court Clerk:		
Sheriff Security Service	\$	3,990
Fines and Fees Collected		524
Donation		250
		4,764
Fiscal Court		47,856
County Clerk - Delinquent Taxes		450
Commission On Taxes Collected		51,881
Fees Collected For Services:		
Auto Inspections	\$	2,081
Accident and Police Reports		82
Serving Papers		5,930
Advertising Fees		5,814
Conveying Mental Patients		940
Child Support Enforcement		10
Carrying Concealed Deadly Weapon Permits		1,500
		16,357
Other:		
Reimbursements	\$	725
Interest Earned		579
		1,304
Borrowed Money:		
State Advancement		14,703
Total Receipts	\$	193,513

The accompanying notes are an integral part of this financial statement.

HICKMAN COUNTY
J. W. MORAN, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For The Year Ended December 31, 2002
(Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	16,859
Community Oriented Policing Services		3,323
Other Salaries		12,576
Kentucky Law Enforcement Foundation - Training Pay		4,549
Courthouse Security		36,951

Employee Benefits-

Employer's Share Social Security		9,652
Employer's Share Retirement		5,452

Contracted Services-

Advertising		872
Vehicle Maintenance and Repairs		608

Materials and Supplies-

Office Materials and Supplies		918
Uniforms		897

Auto Expense-

Mileage		16,763
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Other Charges-

Radio Expenses		839
Postage		1,359
Telephone		4,367
Carrying Concealed Deadly Weapon Permits		920
Miscellaneous		863

Debt Service:

State Advancement		14,703
Fiscal Court Loan (Note 4)		<u>2,500</u>

Total Disbursements		<u>\$</u>	<u>134,971</u>
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Net Receipts		<u>\$</u>	<u>58,542</u>
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Less: Statutory Maximum	\$	57,812	
Reserved for Courthouse Security (Note 5A)		<u>730</u>	<u>58,542</u>

Balance Due at Completion of Audit		<u><u>\$</u></u>	<u><u>0</u></u>
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The accompanying notes are an integral part of this financial statement.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2002.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months of the year and 6.43 percent for the last six months of the year.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2002
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2002, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Note Payable

The Office of the Hickman County Sheriff borrowed \$7,500 from the Hickman County Fiscal Court in 2000. The purpose of the note was to allow the Sheriff to start paying salaries for courthouse security officers before receiving grant funds from the state. The note has been repaid to the fiscal court as of December 31, 2002, with a final payment of \$2,500.

Note 5. Grants

The Hickman County Sheriff's office has two state grants and one federal grant.

- A. A Courthouse Securities Salaries Grant was established during calendar year 2000 and the Sheriff's office received \$45,496 for this purpose. This grant provided funds to the Sheriff to hire security officers for the courthouse. These funds are reserved and are not available as excess fees.
- B. The Kentucky Law Enforcement Program Foundation Fund provides incentive training pay to qualifying deputies. During the current year, the Sheriff received \$4,549 in State funds and expended \$4,549.

HICKMAN COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2002
(Continued)

Note 5. Grants (Continued)

- C. The Community Oriented Policing Services Grant (COPS) provides funding for salaries and benefits for the Sheriff deputies. The Hickman County Sheriff's Office was awarded a COPS #95-CF-WX-0068 grant in December 1997 and ended in May 2002 for an amount of \$156,913. On April 17, 2001 the grant award was reduced to \$112,314 for the same number of years. The Sheriff spent \$71,211 in prior years. During the current year, the Sheriff expended \$3,777 on the grant. The grant ended in 2002, because matching funds were not available.

Note 6. Drug Fund

During 2002, the Sheriff maintained a Drug Fund for the purpose of drug eradication and drug education. The balance at January 1, 2002 was \$11,171. Court ordered forfeitures from drug dealers were received in the amount of \$7,428. Disbursements for the current year were \$8,847. The balance at December 31, 2002 was \$9,752.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

KEM, DUGUID & ASSOCIATES, P.S.C.

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102 WEST SECOND STREET
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270-866-6355 270886-8662 (FAX)

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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Hickman County Sheriff for the year ended December 31, 2002, and have issued our report thereon dated January 7, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hickman County Sheriff's financial statement for the year ended December 31, 2002, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hickman County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

MEMBERS:

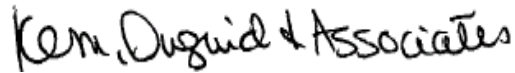
American Institute of Certified Public Accountants

Kentucky Society of Certified Public Accountants

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink that reads "Kem, Duguid & Associates". The script is cursive and fluid.

Kem, Duguid & Associates, PSC

Audit fieldwork completed -
January 7, 2004

